



# Harrah's Philadelphia

*Petition to Modify Gaming Floor Plan*

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*June 28, 2023*





## Executive Summary

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- We are seeking approval for a reduction in the slot machine count, table games count and of a reconfiguration of the gaming floor due to a significant oversupply and underutilization of our existing gaming units.
- We are requesting a reduction of 145 slot machines, therefore reducing the slot count from 1,672\* to 1,527.
- We're proposing a gaming floor reduction from 104,561 square feet to 86,661 square feet
- We're also proposing a table games reduction, going from 71\* to 66
- The new layout, which will include relocating and upgrading our sportsbook, will provide a more comfortable gaming environment for our guests and we do not anticipate any revenue loss from this reduction.
- Reduction will be completed within 3 months from the approval date

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\* 1672 and 71 is reflective of changes made per OP-28-I, which was approved by the PGCB's Executive Director on May 31, 2023, subsequent to the Amended Petition to Modify the Gaming Floor in the instant matter, which was filed on April 24, 2023.



## Reduction Details

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The proposed 145-unit reduction will bring the full floor count to **1,527 units**

### **145-Unit Details**

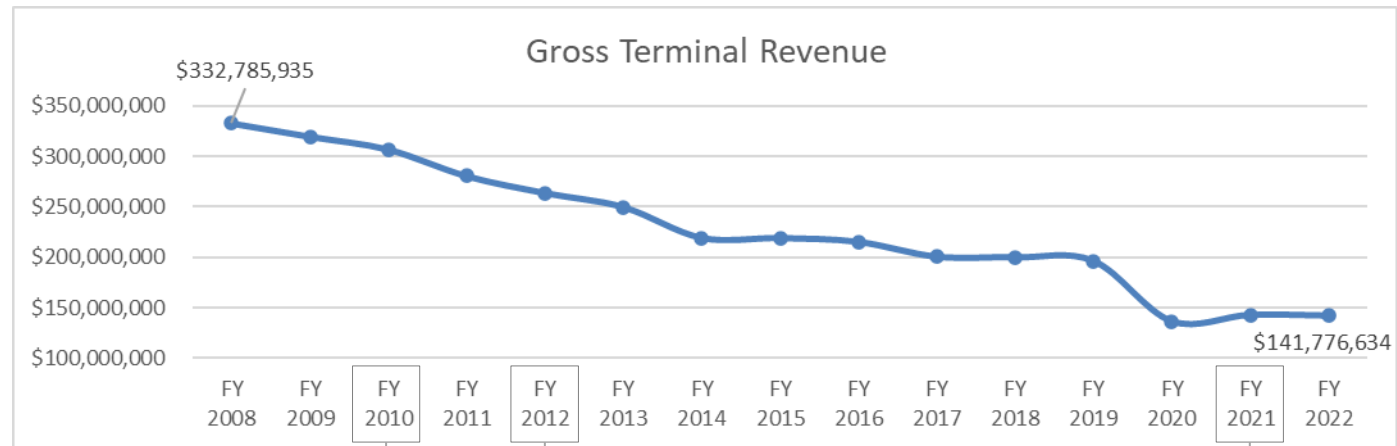
- Machines selected for removal are all fully owned units and some of **the oldest and least profitable** on the gaming floor (average age 12+ years)
- After the reconfiguration, there will be a net decrease of 116 games in the smoking section, the gaming floor area will remain 48% smoking

### **Benefits**

- The slot and table reduction, along with the floor reconfiguration, is intended to create a more comfortable and energetic atmosphere for our customers
- There will not be any changes to staffing levels due to the reduction
- Despite the reduction in units, we **do not anticipate revenue loss nor a reduction in tax revenue to the Commonwealth**



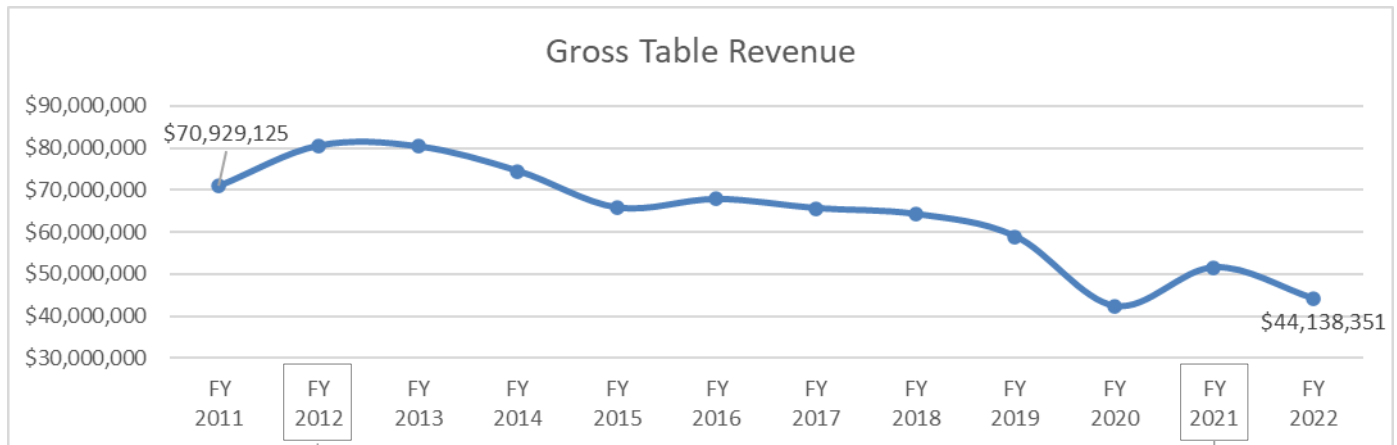
# Gaming Revenue Trends Since Opening



SugarHouse opens 9/23/10, 1st of 6 Maryland Casinos opens in Perryville

Valley Forge opens 3/31/12

Live! Casino open 1/19/21



Valley Forge opens 3/31/12

Live! Casino open 1/19/21



## Supply & Occupancy

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### **1,527 units can both adequately and comfortably handle peak occupancy periods**

- Based on data from the 12-month period from 2/1/2022-1/31/2023:
  - Our highest occupancy hour during this time frame was on March 26, 2022, at 7pm
  - With occupancy at 51.6%, there were still 813 available units
  - With the proposed reductions, there would still be excess capacity of 668 available units

### **For table games, 53 banking tables will also be able to adequately and comfortably handle peak occupancy periods**

- Based on the same 12-month period from 2/1/2022-1/31/2023:
  - We had a maximum of 42 games open (2/26 and 3/26)
  - From 8/1/22 through 1/31/23 we never had more than 35 games open



## Continuing our Focus on Spacing and Overall Customer Comfort

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- We continue to proactively make efforts to space wall units, break-up extended rows, and add more pods and end positions
- The unit reduction and floor contraction will allow us to provide a better gaming experience and improve the casino atmosphere



## Property Capital Investment

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**Harrah's Philadelphia is committed to investing in our Property despite revenue declines driven by regional gaming expansion**

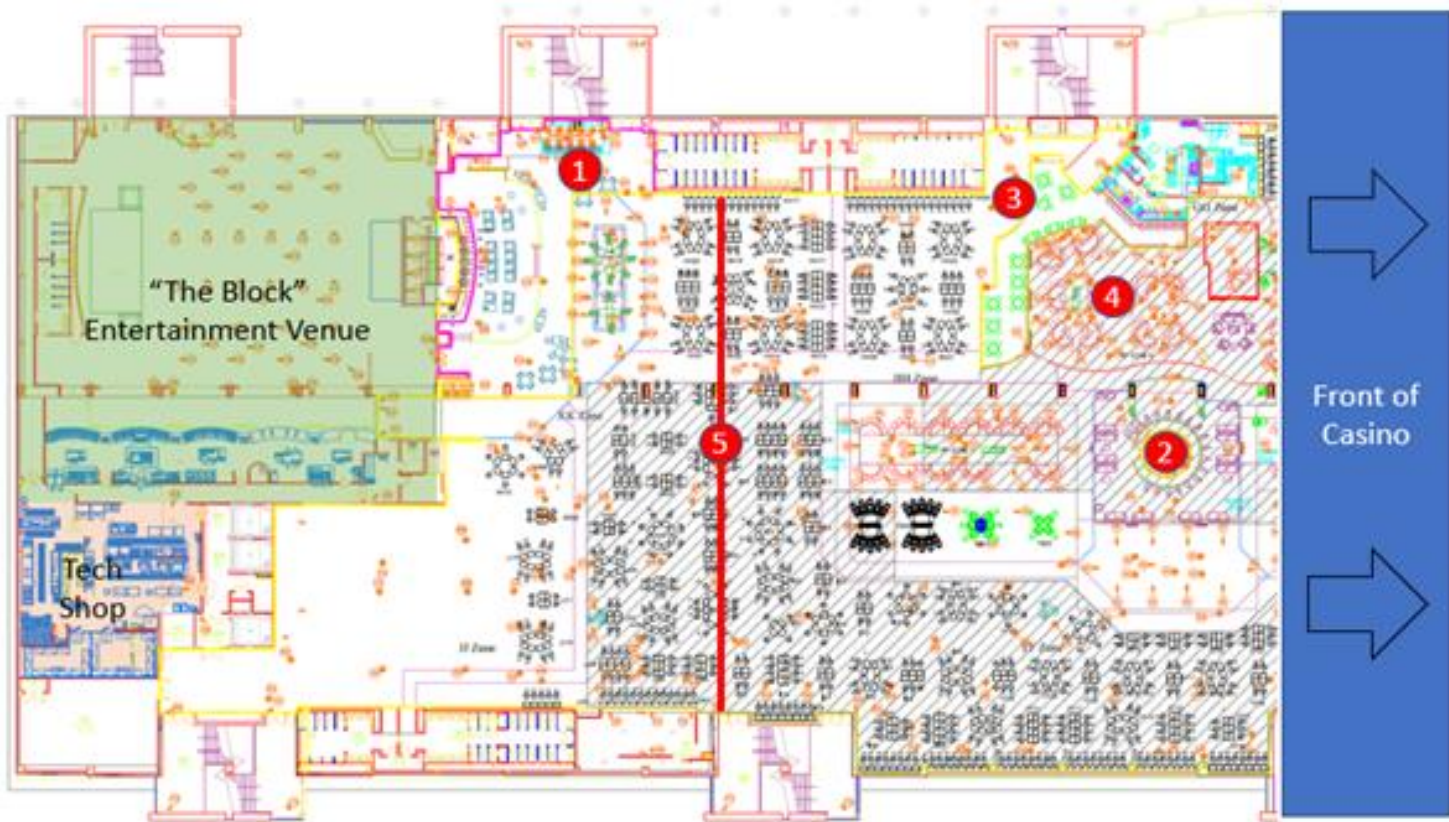
- \$1.8M spent on leased units (2022)
- \$26.0M in promotional play (2022)
- \$1.25M to be invested in new games throughout 2023
- \$1.0M in Capital for sportsbook relocation and gaming floor improvements







## Current Floor Map



1 Sportsbook

2 Center Bar

3 Noodle Bar

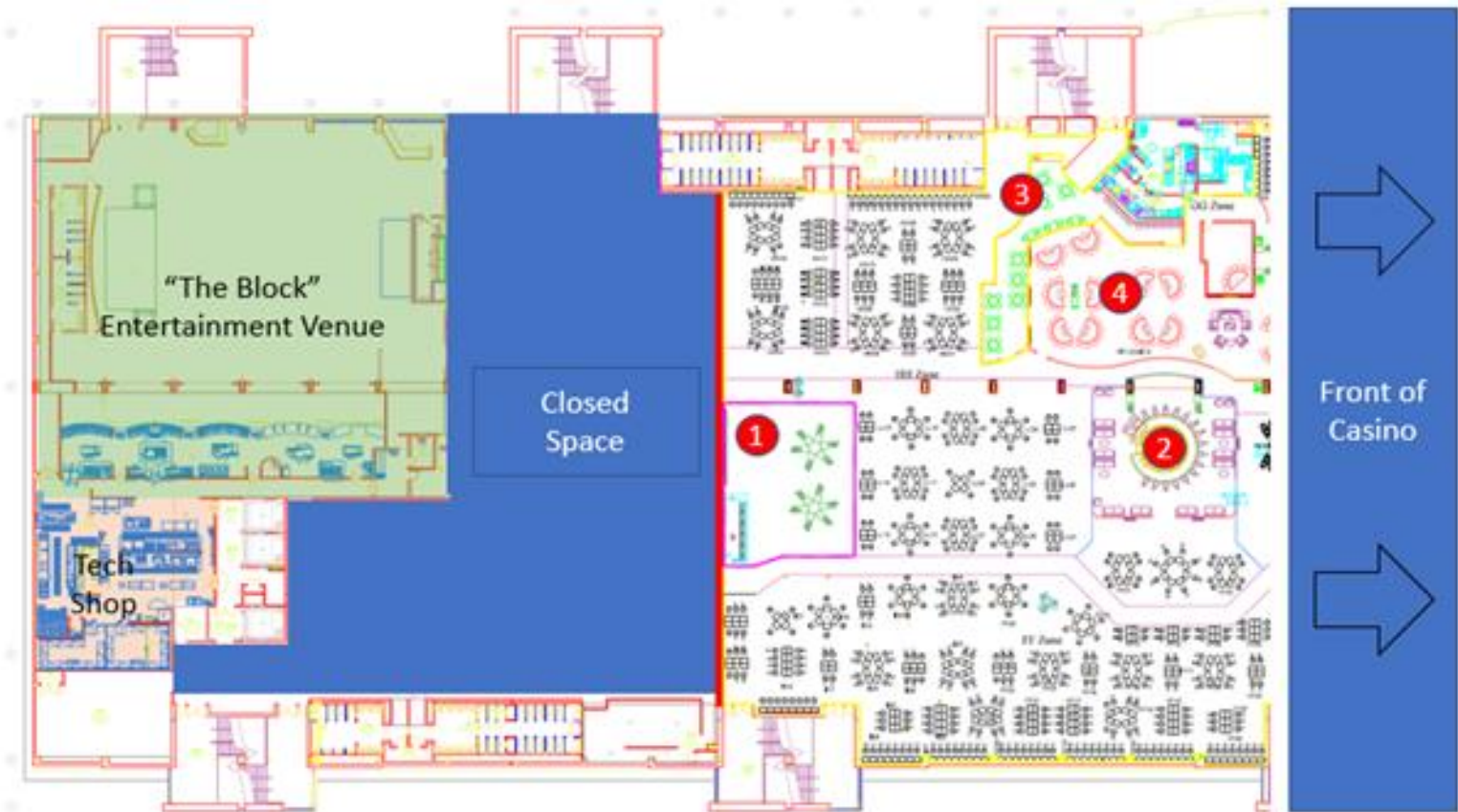
4 Asian Pit

5 Future Wall





## New Floor Map



1 Sportsbook

2 Center Bar

3 Noodle Bar

4 Asian Pit

5 Future Wall



## Conclusion

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- We respectfully request that the Board enter an order pursuant to 58 Pa. Code § 467a.1(c) granting approval of Harrah's Philadelphia's request for a permanent reduction of slot machines by 145 slot machines from 1,672 to 1,527 slot machines, from 65 banking tables to 53 banking tables, and approve the gaming floor reduction (104,561 to 86,661 square feet) and reconfiguration.
- Thank you for your time and consideration!



## Closing

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Questions?